Session 2:

Outpatient, Perinatal, and Behavioral Health Episodes

TN Division of **Health Care Finance & Administration**

HEALTH CARE INNOVATION INITIATIVE

TN

Annual Episodes Design Feedback Session

May 22, 2018

Episodes Included in Session 2

Perinatal	Urinary Tract Infection (UTI) Outpatient	Otitis Media
Skin and Soft Tissue Infection (SSTI)	Respiratory Infection	HIV
	Attention Deficit and Hyperactivity Disorder (ADHD)	Oppositional Defiant Disorder (ODD)

TN

Approach to the feedback session and objectives for today's discussion

Approach & Process

1. **May 2018:** Gather feedback from Stakeholders across the state on the first 27 episodes implemented

2. **June-July 2018:** Conduct analysis to inform decision of how to incorporate feedback

3. **Fall 2018:** Release memo to public with all episode changes

4. **January 2019:** Incorporate accepted changes into program for calendar year 2019

Objectives & Scope for Today

1. Briefly review the background and objectives of the Tennessee Health Care Innovation Initiative & Episodes of care

2. Review feedback received prior to the meeting regarding specific episodes in this session

3. State of Franklin Healthcare Associates shares their experiences with episodes.

4. Listen to and capture feedback from stakeholders

The primary purpose of today's session is listening; the state will respond to and incorporate feedback as appropriate over the coming months

National movement toward perinatal episodes

Forty percent of commercial sector payments to doctors and hospitals now flow through value-oriented payment methods.   -Catalyst for Payment Reform

"The leading providers are taking an "all in" innovative approach as they do the hard work of developing new organizational competencies and nurturing cultural change from within. Their new high-value models will give them a clear advantage over institutions that fail to act strategically now."

Recent perinatal episodes announcements

Anthem BlueCross BlueShield announced a goal of capturing 20% of commercial perinatal episodes in a bundled payment within a year.

Cigna is collaborating with the U.S. Women's Health Alliance, a coalition of 34 large obstetric/gynecology practices across the country who care for about 10 million women each year, to create a care-delivery model that will support an episode-payment approach.

In April 2018, Humana announced it launched a national value-based bundled payment model for Maternity Care.

Tennessee Health Care Innovation Initiative

We are **deeply committed** to reforming the way that we pay for healthcare in Tennessee

Our goal is to **pay for outcomes and for quality care**, and to reward strongly performing providers

We plan to have value-based payment account for the **majority of healthcare spend** within the next three to five years

By **aligning on common approaches** we will see greater impact and ease the transition for providers

We appreciate that hospitals, medical providers, and payers have all demonstrated a **sincere willingness** to move toward payment reform

By working together, we can make significant progress toward **sustainable medical costs and improving care**
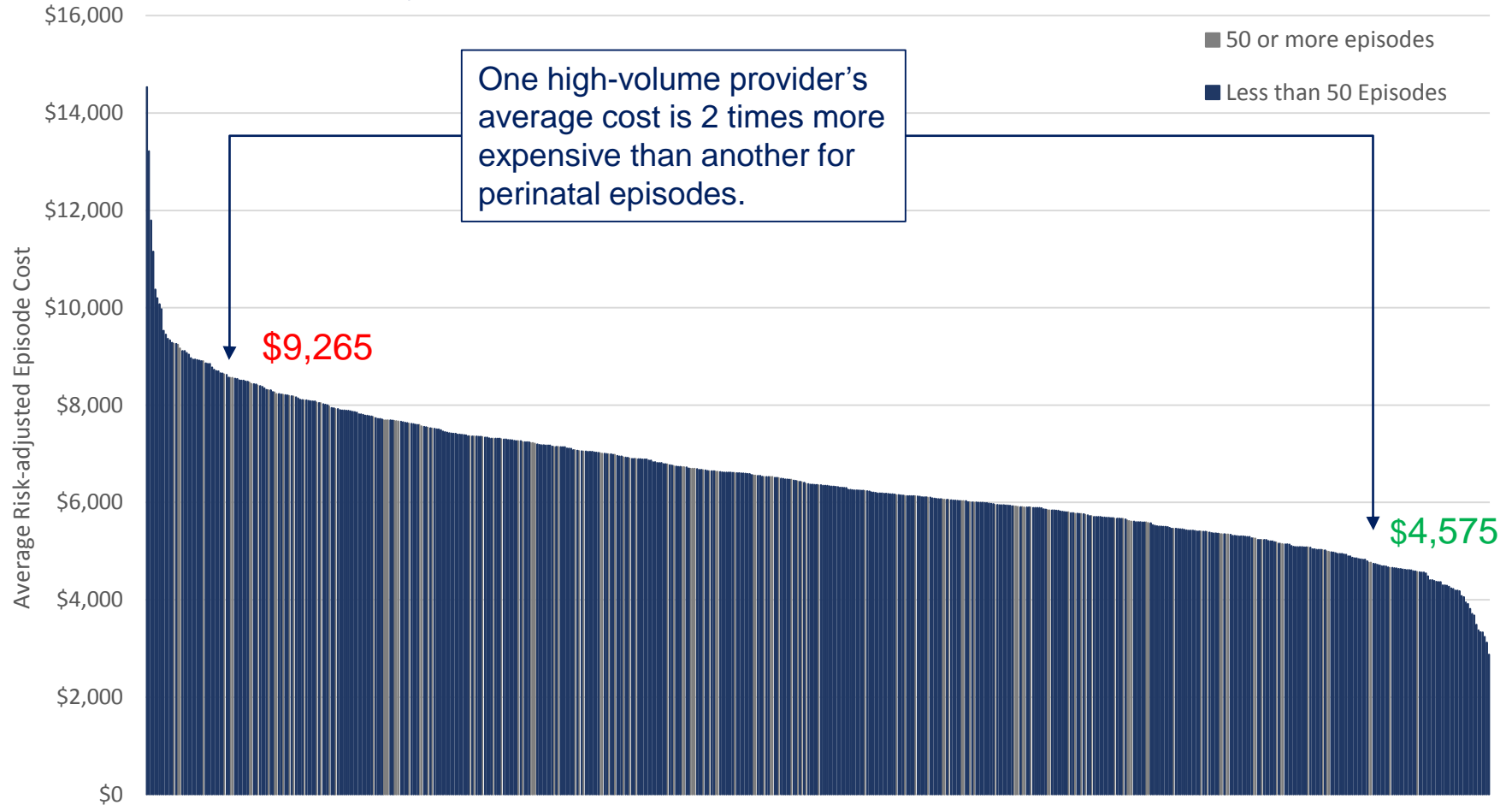
Tennessee Health Care Innovation Initiative: Three Value-Based Payment Strategies

Primary Care Transformation

Episodes of Care

Long Term Services & Supports

Strategy elements	Examples
• Patient Centered Medical Homes • Tennessee Health Link for people with the highest behavioral health needs • Care coordination tool with hospital and ED admission provider alerts	• Prevention • Maintaining health • Coordinating specialists • Avoiding preventable episodes of care • Connecting behavioral and primary care
• Episodes of Care for acute and specialist-driven health care delivered during a specific time period to treat a physical or behavioral condition	• Perinatal • Total Joint Replacement • Acute Asthma Exacerbation • Colonoscopy • Cholecystectomy • ADHD
• Quality and acuity adjusted payments for LTSS services • Value-based purchasing for enhanced respiratory care • Workforce development	• Payment for value and quality in nursing facilities and home and community based services • Training for providers

TN

6

Perinatal Episode Cost Variation

Analysis of Perinatal Episode, CY 2016

One high-volume provider's average cost is 2 times more expensive than another for perinatal episodes.

$9,265

$4,575

50 or more episodes

Less than 50 Episodes

Average Risk-adjusted Episode Cost

Perinatal Episode Quality Variation

Analysis of C-Section Rate Quality Measure* for Perinatal Episode, CY 2016

The C-section rate was nearly four times higher (49%) for one high-volume provider compared to another high-volume provider (12%)

Legend:
- 50 or more episodes
- Less than 50 episodes

Y-axis: Percent of Valid Episodes with C-Section (0.0% to 100.0%)
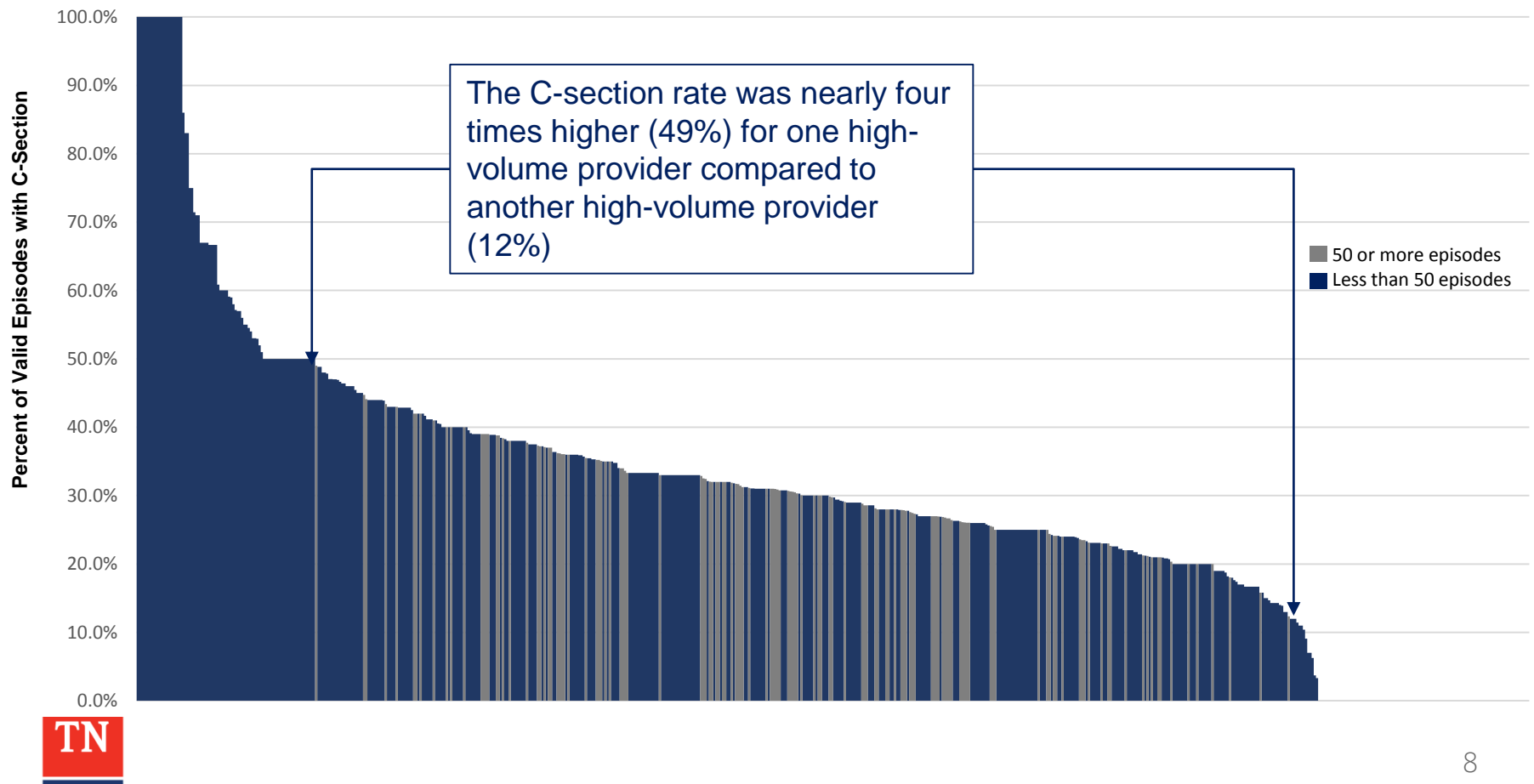
Asthma Episode Cost Variation

Analysis of Acute Asthma Exacerbation Episode, CY 2016

One high-volume provider's average cost is 4 times more expensive than another.

$1,786

$440

- 50 or more episodes
- Less than 50 episodes

Average Risk-adjusted Episode Cost
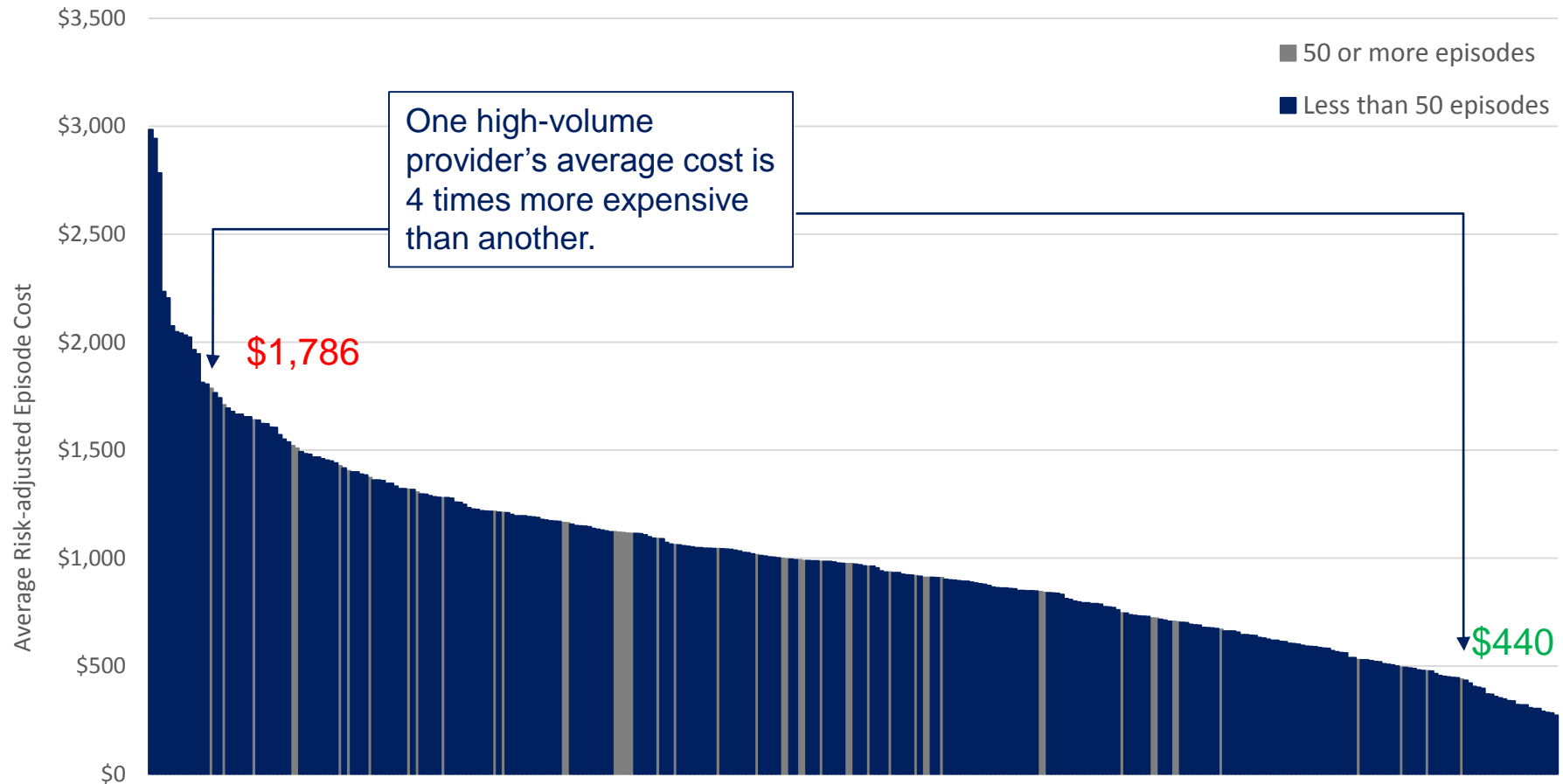
Asthma Episode Quality Variation

Analysis of Follow-up Care Quality Measure for Asthma Episode, CY 2017, Based on February 2018 reports

The follow-up care rate was three times higher (47%) for one high-volume provider compared to another high-volume provider (15%)

■ 50 or more episodes
■ Less than 50 episodes

Percent of Valid Episodes with Follow-up Care (y-axis: 0.0% – 100.0%)
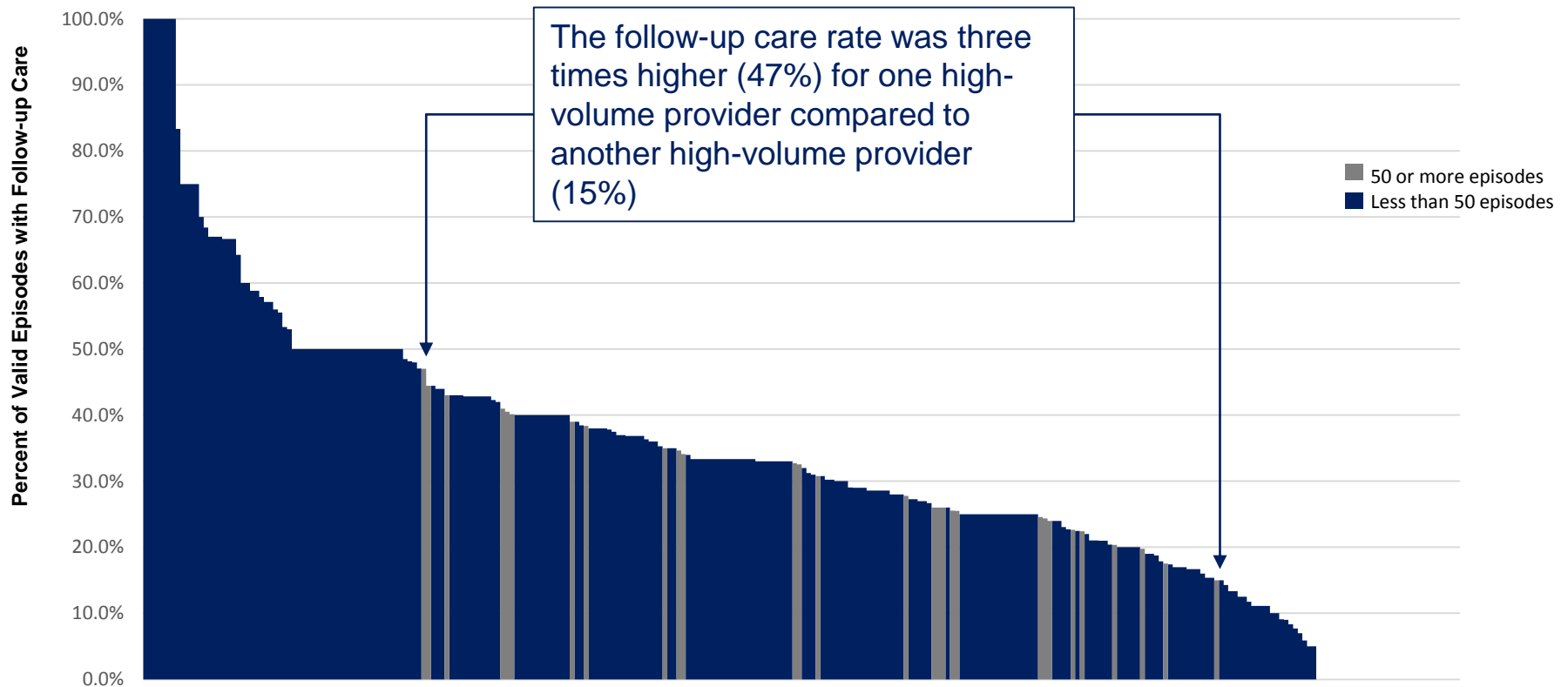
ADHD Episode Quality Variation

**Analysis of Minimum Care Requirement Quality Measure*,
ADHD Episode, CY 2017, Based on February 2018 reports**
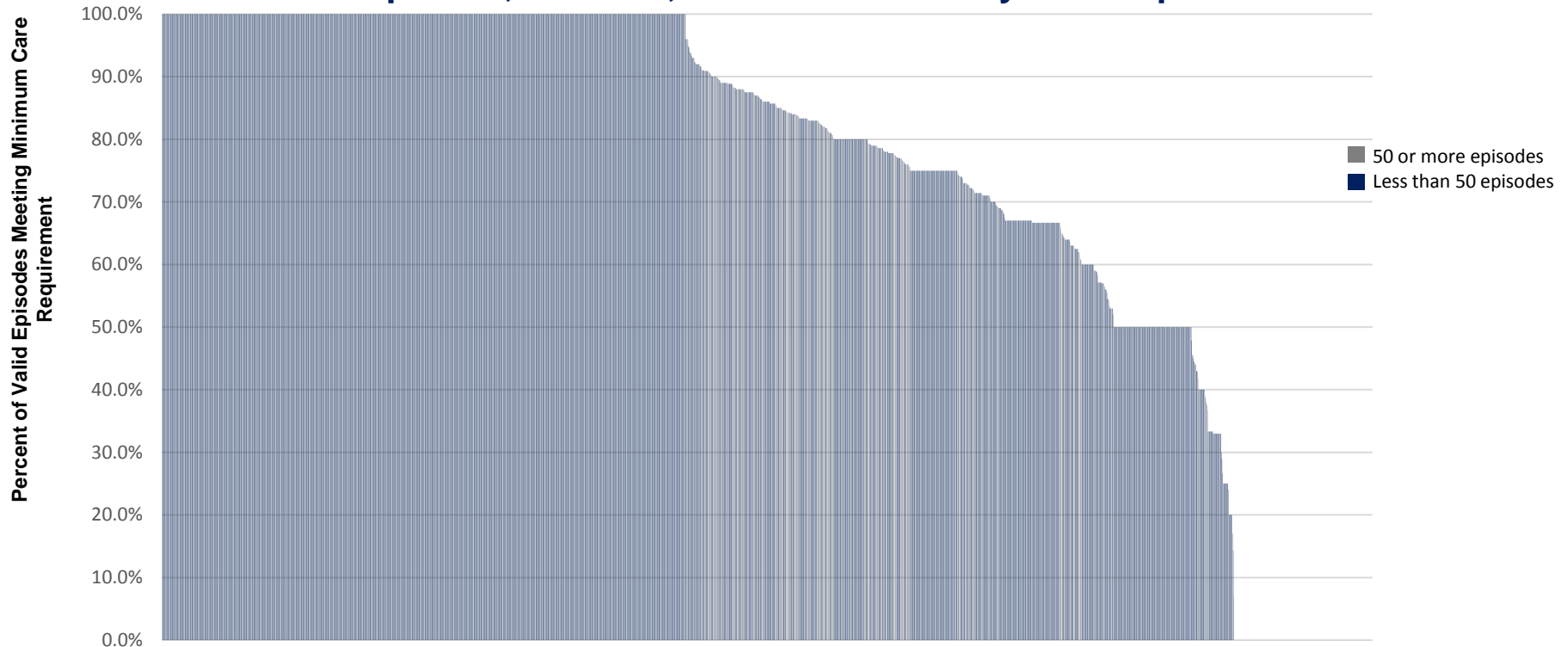
Y-axis: Percent of Valid Episodes Meeting Minimum Care Requirement

Legend:
- 50 or more episodes
- Less than 50 episodes

*At least 70% of a provider's episodes must have at least five visits that consist of level 1 case management, evaluation and management (E&M) and medication management, therapy visits, or pharmacy claims for the treatment of ADHD in order to pass this quality measure.

Episodes of Care Definition

Episodes of Care is a value-based payment that aligns provider and patient incentives to produce **high-quality, low-cost care** for acute or specialist driven conditions.

| PRE-TRIGGER SERVICES | EPISODE TRIGGER | POST-TRIGGER SERVICES |

Pre-Trigger Services:
- Related medications
- Related imaging
- Related pathology
- Related inpatient and services and procedures
- Related outpatient services and procedures

Episode Trigger:
Claim filed by a facility *or* physician *or* physician group

Post-Trigger Services:
- Related medications
- Related imaging
- Related pathology
- Related inpatient and services and procedures
- Related outpatient services and procedures

Episode Duration

Each episode is different according to its own design.
To learn more about each episode, please refer to the episode descriptions.

Key Principles
- **Coordinated care** for all services related to a specific condition
- Providers are **accountable** for all pre-specified services across the episode
- High quality, cost-efficient care is **rewarded** beyond current reimbursement

TN

12

55 Episodes of Care Have Been Designed To Date

Design year & wave		Episode
2013	1	Perinatal
		Asthma acute exacerbation
		Total joint replacement
2014	2	COPD acute exacerbation
		Colonoscopy
		Cholecystectomy
		PCI - acute
		PCI – non acute
2015	3	GI hemorrhage
		EGD
		Respiratory Infection
		Pneumonia
		UTI - outpatient
		UTI – inpatient
	4	ADHD
		CHF acute exacerbation
		ODD
		CABG
		Valve repair and replacement
		Bariatric surgery

Design year & wave		Episode
2016	5	Breast biopsy
		Breast cancer, medical oncology*
		Breast cancer, Mastectomy*
		Otitis media
		Tonsillectomy
		Non-emergent depression
		Anxiety
	6	Skin and soft tissue infections
		Neonatal (Age 31 weeks or less)*
		Neonatal (Age 32 to 36 weeks)*
		Neonatal (Age 37 weeks or greater)*
		HIV
		Pancreatitis
		Diabetes acute exacerbation
2017	7	Spinal fusion
		Spinal decompression (without spinal fusion)
		Femur / pelvic fracture
		Knee arthroscopy
		Ankle non-operative injuries
		Wrist non-operative injuries
		Shoulder non-operative injuries
		Knee non-operative injuries
		Back / Neck pain

Design year & wave		Episode
2017	8	Acute Seizure
		Syncope
		Acute gastroenteritis
		Bronchiolitis
		Pediatric pneumonia
		Colposcopy
		Hysterectomy
		Gastrointestinal obstruction
		Appendectomy
		Hernia repair
2018	9	Kidney & urinary tract stones
		Cystourethroscopy

*Episodes are delayed and providers are not receiving reports

Results of Episodes of Care Program

CY 2015

Estimated Savings*:
$10.8 million

- Providers and hospitals reduced costs while maintaining quality of care

- Gain sharing payments to providers exceeded risk sharing payments by **$280,000**

Episodes included: perinatal, total joint replacement, acute asthma exacerbation

CY 2016

Estimated Savings*:
$14.5 million

- Quality measures **improved** for perinatal, total joint replacement, and COPD, and were mostly maintained for the remaining episodes.

- Gain sharing payments to providers exceeded risk sharing payments by **$395,000**

Episodes included: perinatal, total joint replacement, acute asthma exacerbation, colonoscopy, acute PCI, non-acute PCI, cholecystectomy, COPD

*Compared to 3% projected medical cost trend

Evolving Episodes Through Provider Feedback

Providers have the Opportunity to actively contribute feedback throughout an episode's lifecycle

Episode Lifecycle

- Design
- Validation
- Preview Period
- Performance Period

Opportunities for Feedback

- Providers assist with the pre-design phase to develop the base definition of each episode

- The Technical Advisory Group (TAG) meets for about 9-12 hours to design each episode

- Follow-up meetings are held with the TAGs after the validation process to review episode design

- Providers, MCO partners and other stakeholders submit feedback through email, phone calls and in-person meetings

- Monthly provider stakeholder calls

- Annual Episodes Design Feedback Session held in 6 cities across the state

Examples of changes made based on previous Annual Episode Design Feedback Sessions

1 **All episode overlapping episode exclusion:** The state has committed to creating a general approach to multiple episodes running concurrently which will be effective for the 2018 performance period.

2 **All Episode lower stop loss limit:** The state accepted stakeholder feedback and reduced the stop loss calculation to be 25% of the amount paid to the quarterback for all valid episodes in the performance period, effective for the 2018 performance period.

3 **All episodes—exclude children in Department of Children's Services (DCS):** Based on stakeholder feedback, the state accepted the recommendation to create an exclusion in every episode for children in DCS. This change was effective for 2017.

4 **All episodes risk sharing below $100 waived:** In 2016, the state created a rule that risk sharing payments that are less than $100 are waived by the MCOs.

5 **Pneumonia episode exclusion for children:** The state accepted stakeholder recommendations to exclude children from the Pneumonia episode. Also, two new episodes were created: Pediatric Pneumonia and Bronchiolitis.

6 **ADHD, ODD, anxiety, non-emergent depression exclusion for homelessness:** The state accepted stakeholder recommendations to create a clinical exclusion for homelessness for ADHD, ODD, anxiety, and non-emergent depression.

7 **Perinatal exclusion for contraceptive cost:** The state updated the perinatal episode to ensure that no cost related to contraceptives is included in the perinatal episode spend.

8 **Colonoscopy—split "prior colonoscopy" quality metric:** The state accepted a stakeholder recommendation to split the "prior colonoscopy" quality metric into two separate quality metrics: "prior screening and surveillance colonoscopy" and "prior diagnostic colonoscopy." This allows Quarterbacks to better pinpoint potential sources of overutilization within care.

TN

Examples of changes made based on previous Annual Episode Design Feedback Sessions (continued)

9 **Perinatal—exclude maternal Fetal Medicine Specialists from quarterback attribution:** The state accepted the recommendation to create an exclusion that prevents Maternal Fetal Medicine Specialists from becoming a Quarterback in the Perinatal episode. This was effective in 2016.

10 **Cholecystectomy—exclude chronic pancreatitis:** In 2016, stakeholders recommended that chronic pancreatitis be a clinical exclusion for Cholecystectomy.

11 **Total Joint Replacement—exclude unrelated codes:** In 2016, there were codes included in the episode that stakeholders stated were unrelated to the Total Joint Replacement, such as congenital anomalies and diseases of the musculoskeletal system. The state accepted this feedback and excluded these codes for the 2017 performance period.

12 **Asthma Acute Exacerbation appropriate medications quality metric:** The state accepted stakeholder recommendations to expand the appropriate medications quality metric to include both the trigger and post trigger window, in order to include medications administered during the hospital stay.

Sample of Episode Specific Feedback Received in 2018

Episode Type	Feedback
SSTI	▪ Create chemotherapy exclusion for SSTI episode.
ADHD	▪ Adjust cost of long acting medications in ADHD episode.
ADHD	▪ Make Level 1 Case Management a permanent exclusion for ADHD episode.
ADHD	▪ Create low volume threshold for sub-population ADHD quality metrics.
Perinatal	▪ Exclude or adjust cost of Diclegis.
Perinatal	▪ Exclude cost of genetic testing.
Perinatal	▪ Exclude episodes with minimal prenatal care.
Perinatal	▪ Exclude previous c-sections from c-section rate quality metric.
Otitis Media	▪ Remove "Non-OME episodes with amoxicillin filled" quality metric.
UTI Outpatient	▪ Test risk factors related to social circumstances.

Sample of Episode Feedback Received in 2018

Episode Type	Feedback
All	▪ Create a low volume exclusion for quarterbacks with a minimum number of episodes.
All	▪ Exclude medication spend from total episode spend.
All	▪ Exclude inpatient facility spend from total episode spend.
All	▪ Analyze impact of negotiated rates on episode performance and report results to stakeholders.
All	▪ Provide electronic format of the pdf quarterly summary episode report
All	▪ The thresholding analysis should include considerations of other changes related to the episode or market that also could contribute to changes in cost or quality.
All	▪ One vendor should administer the state's episode program.

Provider Spotlight:

State of Franklin Healthcare Associates

Stakeholder Feedback

Please Use This Format When Sharing Feedback:

1 *Your Name*

2 *Your Organization*

3 *Episode Type(s)*

4 *Design Dimension*

Design Dimensions

Triggers

Quarterbacks

Included Spend

Risk adjustment and Exclusions

Quality Measures

General Episode Feedback

Next Steps Following this Feedback Session

- **Review** all feedback received both prior and during the feedback session

- **Analyze** the potential changes and possible impact on episode design

- **Release** memo summarizing changes to episode design in the late-summer

- **Incorporate** changes that need to be made for the 2019 performance period

Thank you for participating!

Please email payment.reform@tn.gov with any questions or visit our website at:
https://www.tn.gov/tenncare/health-care-innovation/episodes-of-care.html